

## Assembly Constitutional Amendment

**No. 9**

**Introduced by Assembly Members Morrissey and House**

February 25, 1997

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Assembly Constitutional Amendment No. 9—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending Sections 3 and 25 of Article XIII thereof, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

ACA 9, as introduced, Morrissey. Property taxation: veterans' exemption.

The California Constitution provides for a \$1,000 exemption from property taxation for property of veterans, unmarried spouses of deceased veterans, or parents of deceased veterans, as specified. An unmarried person who owns property valued at \$5,000 or more, a married person who, together with his or her spouse, owns property valued at \$10,000 or more, or the unmarried spouse of a deceased veteran who owns property in excess of \$10,000 is ineligible for the exemption. The California Constitution also provides for a homeowners' property tax exemption in the amount of \$7,000.

This measure would increase that veterans' exemption to \$7,700 and would remove the limitations on eligibility for the exemption for persons owning property in excess of those specified amounts. This measure would also provide that if the homeowners' property tax exemption is increased above the amount of \$7,000, the amount of the veterans' exemption shall be increased to 110% of the homeowners' exemption.

The California Constitution requires the Legislature to provide reimbursements to each local government for revenue lost because of the homeowners' exemption.

This measure would also require the Legislature to provide reimbursements to each local government for revenue lost because of the above veterans' exemptions.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

1     *Resolved by the Assembly, the Senate concurring, That*  
2     the Legislature of the State of California at its 1997–98  
3     Regular Session commencing on the second day of  
4     December 1996, two-thirds of the membership of each  
5     house concurring, hereby proposes to the people of the  
6     State of California that the Constitution of the State be  
7     amended as follows:

8     First—That Section 3 of Article XIII thereof is amended  
9     to read:

10    SEC. 3. The following are exempt from property  
11    taxation:

12    (a) Property owned by the State.

13    (b) Property owned by a local government, except as  
14    otherwise provided in *subdivision (a) of Section 11*.

15    (c) Bonds issued by the State or a local government in  
16    the State.

17    (d) Property used for libraries and museums that are  
18    free and open to the public and property used exclusively  
19    for public schools, community colleges, state colleges, and  
20    state universities.

21    (e) Buildings, land, equipment, and securities used  
22    exclusively for educational purposes by a nonprofit  
23    institution of higher education.

24    (f) Buildings, land on which they are situated, and  
25    equipment used exclusively for religious worship.

26    (g) Property used or held exclusively for the  
27    permanent deposit of human dead or for the care and  
28    maintenance of the property or the dead, except when  
29    used or held for profit. This property is also exempt from  
30    special assessment.

31    (h) Growing crops.

1 (i) Fruit and nut trees until 4 years after the season in  
2 which they were planted in orchard form and ~~grape-vines~~  
3 ~~grapevines~~ until 3 years after the season in which they  
4 were planted in vineyard form.

5 (j) Immature forest trees planted on lands not  
6 previously bearing merchantable timber or planted or of  
7 natural growth on lands from which the merchantable  
8 original growth timber stand to the extent of 70 percent  
9 of all trees over 16 inches in diameter has been removed.  
10 Forest trees or timber shall be considered mature at such  
11 time after 40 years from the time of planting or removal  
12 of the original timber when so declared by a majority vote  
13 of a board consisting of a representative from the State  
14 Board of Forestry, a representative from the State Board  
15 of Equalization, and the assessor of the county in which  
16 the trees are located.

17 The Legislature may supersede the foregoing  
18 provisions with an alternative system or systems of taxing  
19 or exempting forest trees or timber, including a taxation  
20 system not based on property valuation. Any alternative  
21 system or systems shall provide for exemption of  
22 unharvested immature trees, shall encourage the  
23 continued use of timberlands for the production of trees  
24 for timber products, and shall provide for restricting the  
25 use of timberland to the production of timber products  
26 and compatible uses with provisions for taxation of  
27 timberland based on the restrictions. Nothing in this  
28 paragraph shall be construed to exclude timberland from  
29 the provisions of Section 8 of this article.

30 (k) \$7,000 of the full value of a dwelling, as defined by  
31 the Legislature, when occupied by an owner as his *or her*  
32 principal residence, unless the dwelling is receiving  
33 another real property exemption. The Legislature may  
34 increase this exemption and may deny it if the owner  
35 received state or local aid to pay taxes either in whole or  
36 in part, and either directly or indirectly, on the dwelling.

37 No increase in this exemption above the amount of  
38 \$7,000 shall be effective for any fiscal year unless the  
39 Legislature increases the rate of state taxes in an amount

1 sufficient to provide the subventions required by Section  
2 25.

3 If the Legislature increases the homeowners' property  
4 tax exemption, it shall provide increases in benefits to  
5 qualified renters, as defined by law, comparable to the  
6 average increase in benefits to homeowners, as calculated  
7 by the Legislature.

8 (l) Vessels of more than 50 tons burden in this State  
9 and engaged in the transportation of freight or  
10 passengers.

11 (m) Household furnishings and personal effects not  
12 held or used in connection with a trade, profession, or  
13 business.

14 (n) Any debt secured by land.

15 (o) Property in the amount of ~~\$1,000~~ \$7,700 of a  
16 claimant who—

17 (1) is serving in or has served in and has been  
18 discharged under honorable conditions from service in  
19 the United States Army, Navy, Air Force, Marine Corps,  
20 Coast Guard, or Revenue Marine (Revenue Cutter)  
21 Service; and—

22 (2) served either

23 (i) in time of war, or

24 (ii) in time of peace in a campaign or expedition for  
25 which a medal has been issued by Congress, or

26 (iii) in time of peace and because of a  
27 service-connected disability was released from active  
28 duty; and—

29 (3) resides in the State on the current lien date.

30 ~~An unmarried person who owns property valued at~~  
31 ~~\$5,000 or more, or a married person, who, together with~~  
32 ~~the spouse, owns property valued at \$10,000 or more, is~~  
33 ~~ineligible for this exemption.~~

34 If the claimant is married and does not own property  
35 eligible for the full amount of the exemption, property of  
36 the spouse shall be eligible for the unused balance of the  
37 exemption.

38 (p) Property in the amount of ~~\$1,000~~ \$7,700 of a  
39 claimant who—

(1) is the unmarried spouse of a deceased veteran who met the service requirement stated in paragraphs (1) and (2) of ~~subsection 3(o)~~ *subdivision (o)*, and

(2) ~~does not own property in excess of \$10,000, and~~  
(3) ~~is a resident of the State on the current lien date.~~

(q) Property in the amount of ~~\$1,000~~ \$7,700 of a claimant who—

(1) is the parent of a deceased veteran who met the service requirement stated in paragraphs (1) and (2) of ~~subsection 3(o)~~ *subdivision (o)*, and

(2) receives a pension because of the veteran's service, and

(3) is a resident of the State on the current lien date.

Either parent of a deceased veteran may claim this exemption.

~~An unmarried person who owns property valued at \$5,000 or more, or a married person, who, together with the spouse, owns property valued at \$10,000 or more, is ineligible for this exemption.~~

(r) No individual residing in the State on the effective date of this amendment who would have been eligible for the exemption provided by ~~the previous section~~ *Section 1<sup>1</sup>/<sub>4</sub>* of this article had it not been repealed shall lose eligibility for the exemption as a result of this amendment.

*(s) If the homeowners' property tax exemption provided for in subdivision (k) is increased above the amount of \$7,000, then the amount of the veterans' exemption provided for in subdivisions (o), (p), and (q) shall be increased to 110 percent of the homeowner's exemption.*

Second—That Section 25 of Article XIII thereof is amended to read:

SEC. 25. The Legislature shall provide, in the same fiscal year, reimbursements to each local government for revenue lost because of ~~Section 3(k)~~ *subdivisions (k), (o), (p), and (q) of Section 3.*

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